ECONOMIC COMMENTARY

The Number of Businesses in Alberta is Gaining Momentum

March 28, 2013

Highlights:

The number of businesses in Alberta reached record-levels in 2012, with over 154,000 now having at least one employee. While 95.4% of businesses are small businesses, growth has especially been pronounced in the number of businesses with over 500 employees, with a 5-year growth rate of 20%. Alberta has the highest number of businesses per capita in Canada, with 39.4 businesses per 1000 people.

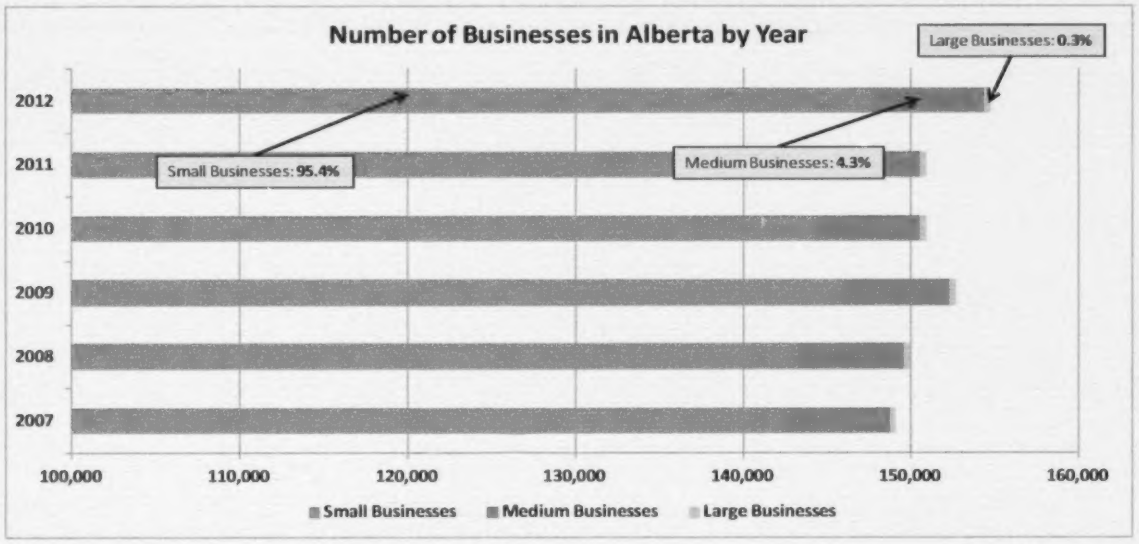
Alberta
Government

Business Counts in Alberta

One of the most resilient aspects of the Alberta economy is its entrepreneurial spirit. Albertans consistently embrace the spirit of venture creation and development as seen in our high per capita rates of business counts. In other words, you may know that there are a lot of businesses in Alberta, but we also have a lot of businesses when controlling for the size of our population.

Using Statistics Canada's Business Register database, we can see how many businesses there are in each municipality, industry, and employee size class in the province. In this analysis we only include businesses that have at least one employee on payroll – self-employed businesses are a vital part of our economy, but will be excluded in this analysis.

Figure 1: Number of Businesses in Alberta by Enterprise Size



The total number of businesses in Alberta reached its highest point ever in 2012 with 154,753 by December 31, 2012, surpassing the previous maximum set in 2009. Small businesses, or those with under 50 employees, accounted for 95.4% of all businesses in 2012 – this is a reflection of their importance to the Alberta economy. Medium-sized businesses with between 50 and 500 employees accounted for 4.3% of all business in 2012. Large businesses, or those with over 500 employees, accounted for 0.3% of all businesses – this is about one out of every 300 businesses.

Figure 2: Business Counts in Alberta by Enterprise Size

Business Counts	2007	2008	2009	2010	2011	2012	1-Year Growth	5-Year Growth
Small Businesses	142,295	143,319	145,991	144,396	144,146	147,702	2.5%	3.8%
Medium Businesses	6,434	6,298	6,315	6,126	6,395	6,660	4.1%	3.5%
Large Businesses	326	349	356	363	369	391	6.0%	19.9%
Total Businesses	149,055	149,966	152,662	150,885	150,910	154,753	2.5%	3.8%

The five-year growth rate in the number of large businesses in Alberta is 19.9% -- this far outperforms the growth rates in the number of small or medium sized businesses at 3.8% and 3.5%, respectively. Large businesses also had the highest one-year growth rate at 6.0%, compared with 4.1% for medium businesses and 2.5% for small businesses. In terms of the total number of businesses, Alberta's 1-year growth rate was 2.5% while its 5-year growth rate was 3.8% -- this shows that 2012 was a healthy year in terms of venture creation overall.

Figure 3: Total Number of Businesses by Top 10 Municipalities

Rank	Municipality	# of Businesses	% of AB	5-Year Growth
1	Calgary	45,710	29.5%	2.7%
2	Edmonton	31,390	20.3%	2.7%
3	Red Deer	3,853	2.5%	-0.7%
4	Strathcona County	3,531	2.3%	8.1%
5	Grande Prairie	3,430	2.2%	-1.0%
6	Lethbridge	3,369	2.2%	4.3%
7	Medicine Hat	2,348	1.5%	-6.5%
8	St. Albert	2,329	1.5%	-2.7%
9	Wood Buffalo	1,829	1.2%	11.3%
10	Rocky View County	1,744	1.1%	30.7%

The table above shows the top 10 Alberta municipalities in terms of numbers of businesses. Calgary leads with 29.5% of all Alberta businesses, with neighbouring Rocky View County having the 9th most businesses. Edmonton is second at 20.3% of all businesses, while nearby communities of Strathcona County (including Sherwood Park) and St. Albert have the 4th and 8th most businesses, respectively. Red Deer, Grande Prairie, Lethbridge, Medicine Hat, and Wood Buffalo (including Fort McMurray) round out the top 10.

It is interesting that Calgary and Edmonton had the exact same rate of 5-year growth in their business counts at 2.7%, which was below the provincial average of 3.8% growth. This shows the business count growth in Alberta over the past 5 years has been driven primarily by a 5.0% growth rate in communities outside of Calgary and Edmonton's city boundaries. This of course includes municipalities near the province's two largest cities, such as Strathcona County (+8.1%) or Rocky View (+30.7%), but also includes standalone municipalities like Wood Buffalo (+11.3%), Lloydminster (+6.1%), and Lethbridge (+4.3%).

The table below displays business count growth by industry in Alberta between 2007 and 2012. The overall business count growth was 3.8% -- therefore, anything above this has exceeded the provincial average, and vice versa. Industries experiencing the largest 5-year growth rates are real estate and leasing (+30.7%), health care and social assistance (+13.9%), and agriculture[1] and forestry (+12.3%).

[1] There were 43,000 farms according to the agricultural Census in 2011. Many agriculture business in the Business Register have an 'indeterminate' number of employees. We require a business to have one confirmed employee to be listed, which is why this number is so few.

Industries seeing the largest declines were management of companies (-12.0%), manufacturing (-7.9%), and mining and oil & gas (-5.8%).

Figure 4: Total Business Counts by Industry

Industry	2007	2012	Growth
Agriculture, forestry	5,723	6,426	12.3%
Mining, and oil and gas	6,218	5,857	-5.8%
Utilities	316	321	1.6%
Construction	19,021	20,388	7.2%
Manufacturing	5,435	5,006	-7.9%
Wholesale trade	7,578	7,306	-3.6%
Retail trade	15,085	15,660	3.8%
Transportation and warehousing	7,836	7,863	0.3%
Information and cultural industries	1,303	1,341	2.9%
Finance and insurance	4,289	4,439	3.5%
Real estate and rental and leasing	5,477	7,156	30.7%
Professional, scientific and technical services	22,407	23,766	6.1%
Management of companies	2,333	2,054	-12.0%
Administrative and support services	6,793	7,190	5.8%
Educational services	1,458	1,511	3.6%
Health care and social assistance	9,975	11,366	13.9%
Arts, entertainment and recreation	1,750	1,682	-3.9%
Accommodation and food services	8,058	8,738	8.4%
Other services (except public admin)	17,233	15,962	-7.4%
Public administration	767	721	-6.0%
Total	149,055	154,753	3.8%

When looking at all provinces in Canada, Alberta's 5-year growth rate of 3.8% in the number of businesses was 4th highest among the 10 provinces and comfortably above the national average growth rate of 2.6%. All five provinces from Quebec east to the Atlantic Ocean experienced negative growth rates in their business counts, while all provinces from Ontario west to the Pacific Ocean experienced positive growth rates.

Figure 5: Business Count Growth by Province

Province	2007	2012	Growth Rate	# per 1000 pop
Newfoundland and Labrador	17,989	17,592	-2.2%	34.2
Prince Edward Island	6,148	5,699	-7.3%	39.1
Nova Scotia	30,603	29,459	-3.7%	31.1
New Brunswick	25,941	25,036	-3.5%	33.2
Quebec	237,521	234,833	-1.1%	29.0
Ontario	365,649	386,600	5.7%	28.5
Manitoba	35,029	36,517	4.2%	28.7
Saskatchewan	36,837	39,101	6.1%	35.9
Alberta	149,055	154,753	3.8%	39.4
British Columbia	168,473	171,982	2.1%	37.1
Canada	1,073,245	1,101,572	2.6%	31.4

Alberta's business count per capita is the highest in Canada – there are 39.4 businesses for every 1000 people in Alberta. This level of business activity is 25% higher than the national average of 31.4 businesses per 1000 population. The only province close to Alberta's level is PEI's 39.1 businesses per 1000 population. All of the provinces in front of Alberta in terms of 5-year business growth started from a much lower level than Alberta in terms of per capita business establishments. This makes Alberta's high showing in both categories all the more impressive.

Conclusion

The number of businesses with employees in Alberta dropped in 2010 after the previous year's recession, while 2011 saw little to no growth. 2012 signified a noticeable bounce-back from these post-recessionary conditions to continue a similar pattern of robust growth that was seen in the years prior to the recession. Alberta's already-high level of entrepreneurial activity means that business growth numbers seen in other provinces may not be matched, but continued positive growth is a reasonable expectation for the economy.

Strong growth has especially been seen in areas outside of Calgary and Edmonton – business count growth in municipalities outside Alberta's two largest had a 5-year growth rate of 5.0%, compared to 2.7% for both Calgary and Edmonton.

While the number of businesses of all sizes grew in 2012, businesses with more than 500 employees recorded the strongest growth with an increase of 19.9% compared to 2007 and 6.0% compared to 2011.

For more information on small business in Alberta, please see the 2012 Alberta Small Business Profile:

http://eae.alberta.ca/media/341826/sp_eh-smallbusprofile.pdf